Incentives to sugar mills for export of sugar

†2767. SHRI RAJ MOHINDER SINGH MAJITHA:
SHRI RAM JETHMALANI:

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether it is a fact that a decision has been taken to give economic incentive to sugar mills to increase the export of sugar due to its excess production in comparison to its requirement for consumption in the country in 2006-07;

(b) if so, the facts in this regard and the amount of economic incentive per tonne;

(c) whether it is also a fact that it was not possible to increase the export of sugar from the country without giving economic incentive; and

(d) if so, the reaction of Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (DR. AKHILESH PRASAD SINGH): (a) and (b) The sugar production in the current sugar season 2006-07 is provisionally estiamted at 250 lac tons as against the estimated consumption of 190 lac tons. Inorder to liquidate the surplus stocks of sugar and to ensure that excess production of sugar does not lead to situation of mounting cane price arrears, the Government have decided, *inter alia,* to provide export assistance to defray the cost of internal freight and transport charges, marketing and handling charges at the flat rate of Rs. 1350 per ton on export of domestically manufactured sugar from sugar factories location in the coastal States and at the flat rate of Rs. 1450 per ton from sugar factories located in other than the coastal States. Exports made under Open General License (OGL) only (and not under 'advance license') on or after 19th April, 2007 and up to 18th April 2008 or till further orders, whichever is earlier,would be eligible for this assistance. Further, the amount so received is also to be used for payment of cane price including cane price arrears of previous sugar season(s), to sugarcane farmers.

(c) and (d) The Government have decided to give export assistance to sugar factories as realization from export of sugar was less than the

†Original notice of the question was received in Hindi.

ex-factory levy sugar prices and at that level of export realization, sugar factories were not in a position to pay the Statutory Minimum Price (SMP) of sugar fixed by the Central Government.

Production of ethanol from sugarcane

†2768. SHRI RAM JETHMALANI:
DR. MURLI MANOHAR JOSHI:

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether it is a fact that Government have formulated a scheme to promote the production of ethanol from sugarcane in view of more production of sugar than its consumption requirements during the current year;

(b) if not, the reasons therefor;

(c) whether it is also a fact that the subsidy given or production of ethanol would have gone to Indian consumers while the benefit of subsidy given on sugar export would go to foreign consumers; and

(d) if so, the Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (DR. AKHILESH PRASAD SINGH): (a) No, Sir.

(b) In India, ethanol is being produced from molasses, which is a by-product of the sugar industry. Demand for ethanol is from the petroleum sector for blending it with petrol. The Government has decided to blend 5% ethanol with petrol from November 2006. This will generate a demand of about 600 million litres of ethanol, which can be adequately supplied by the sugar industry from the molasses route.

(c) No, Sir. There is no subsidy being given on production of ethanol. Reimbursement of internal transport, ocean freight and handling and marketing charges incurred on exports of sugar from India are given to the sugar factories only.

(d) Does not arise.

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